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tion. Studies in the minimum wage, 11. (New York: Macmillan. 1915. Pp. xiii, 274. \$1.25.)

To be reviewed.

*Report of the Norwich conference of the independent labour party.* (London: St. Bride's House. 1915. Pp. 127. 3d.)

### Money, Prices, Credit, and Banking

*Practical Banking.* By RALPH SCOTT HARRIS. (Boston: Houghton Mifflin Company. 1915. Pp. x, 309. \$1.75.)

*Banking Practice and Foreign Exchange.* By E. L. STEWART PATTERSON and FRANKLIN ESCHER. Modern Business, Canadian Edition, Vol. VIII. (New York: Alexander Hamilton Institute. 1914. Pp. xx, 637.)

As stated in its preface, the first of these volumes "is intended for the student of finance who wishes a glimpse into the practical conduct of the bank." The author, however, has attempted too much for one small volume. In addition to practical banking, he has attempted to give a history of the evolution of banking, a discussion of national bank circulation, a description of clearing houses, of the principles of foreign exchange, a history of crises in the United States, and a discussion of the Federal Reserve Act; and these things he has not done well.

Chapters 2 to 14 give an intimate and interesting view of the work of the several officers, and of the organization and routine of the several departments of a typical national bank in the United States. This part of the book is from the author's personal experience. It is written from the human standpoint, not from the accountant's point of view; books and forms are not reproduced, though the principal books and records of a bank are described. The author's keen personal interest and enthusiasm for his subject make this part of the book an interesting contribution to the story of banking.

Outside these chapters (and they occupy less than half of the volume) the book has no special significance. The subjects covered in the remaining chapters have been treated more thoroughly and more accurately; and, furthermore, these chapters contain statements that are erroneous or inaccurate. For example, a statement on page 25 seems to indicate that the rate on call loans is likely to be lower during a financial stringency. On page 15 it is said that "The New York safety-fund plan, upon which our con-

temporary banking methods in this country are based, was worked out between 1837 and 1844"; and on page 168, that the New York Clearing House Association "is composed of thirty-two national banks, eighteen state banks, and the Assistant Treasurer at New York"—overlooking the membership of fifteen trust companies. On pages 152 and 153 the national gold bank law is mentioned with some professed bewilderment, the author evidently not being aware of the fact that this law was passed in 1870 during the suspension of specie payments, and that it has had no application since 1879. On page 278 the statement that the Federal Reserve Act "provides for the retirement of national bank circulation" is misleading, when given without qualification as to how rapidly the circulation may be retired.

Another defect is that the Federal Reserve Act, with the changes which it introduced in the national bank regulations, is added almost as an appendix. Throughout the book whenever regulations as to legal reserves, loans, etc., are mentioned, the old regulations are given, usually with a footnote reference to the altered regulations.

*Banking Practice and Foreign Exchange* is divided into three parts. Part I, Banking Principles, and part II, Banking Practice, are written by Mr. Patterson, acting inspector of the Canadian Bank of Commerce; and part III, Foreign Exchange, by Mr. Escher, editor of *Investments Magazine* and lecturer in the New York University School of Commerce, Accounts and Finance. The book makes little attempt to teach the elementary principles of banking, rather assuming that they have been taught in a preceding volume. The method throughout is to teach the general only through the concrete.

Part I (112 pages) is mainly an explanation of the terms of the Canadian bank act of 1913. It contains also a brief description of the monetary system of Canada; an exposition of the advantages of branch banking; and an analysis of an ideal bank statement. All of these are presented concisely and clearly.

Part II (300 pages) contains a very clear account of the organization, functions of officers, and the records of the head office and of the branch, with a description in some detail of the books and records of the branch; separate chapters are devoted to the deposit business, loans, classification of loans, advances on warehouse receipts, inspection, and bank cost-accounting. Since the

book is addressed to the prospective banker, it contains much advice on methods and forms, on safeguards, on the principles of sound credit, etc. The chapter devoted to advances on warehouse receipts and assignments presents this characteristic feature of Canadian banking in a very clear form; and the chapter on bank cost accounting is rather a new feature for textbooks on banking.

Parts I and II, on the whole, give a very clear description of the inside organization and machinery of a Canadian commercial bank in all important branches of its business. The emphasis is, possibly, too much on bank accounting, and on the forms of books and papers; but perhaps this is necessary if banking practice is to be taught from a textbook.

Part III (150 pages) differs from *Elements of Foreign Exchange* by the same author in being written primarily as a textbook; in describing more in detail the actual machinery of a particular transaction; and in giving more information as to forms, foreign money values, short-cuts in computations, etc. The fundamental theories of foreign exchange are set forth clearly in the *Elements*, but here they are somewhat buried under details of forms and particular transactions. The relation of Canadian exchange to New York exchange is explained, and methods are given for converting New York exchange into Canadian quotations. The Canadian point of view is abandoned in a large part of the work, however, when even the illustrations of import and export financing are taken from the United States instead of from Canada.

The book contains no discussion of banking in other countries than Canada, except an occasional comparison with the United States practice or regulations—and then always to show the superiority of the Canadian system. It especially contends that the Canadian system of internal inspection is superior to the American system of governmental inspection; that our legal reserve regulations probably do more harm than good; and that the Canadian branch banking system has many advantages over the American system of independent banks without branches.

Appendixes contain questions on rules for bank routine; quiz questions arranged by chapters; stamp duties on foreign drafts; and an explanation of the old method of quoting sterling exchange in Canada. The bibliography fails to give the place or date of publication of the books listed.

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